

# **PUBLIC DISCLOSURE**

April 27, 2009

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bank of Fall River  
RSSD # 121576

30 Bedford Street  
Fall River, MA 02720

Federal Reserve Bank of Boston

600 Atlantic Avenue  
Boston, Massachusetts 02210

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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**INSTITUTION'S CRA RATING:** Bank of Fall River is rated "**Satisfactory.**"

Bank of Fall River demonstrates adequate responsiveness to the credit needs of its assessment area based on the following findings:

- In light of the bank's opportunity to lend, originations in low to moderate-income areas was reasonable.
- The bank extended an adequate number of loans within its assessment area.
- The distribution of residential loans by borrower income was reasonable compared to assessment area demographics and to other lenders in the assessment area.
- Given Bank of Fall River's size, competition and sphere of operation, its loan to deposit ratio was adequate.
- The bank did not receive complaints in regard to CRA.

**Scope of Evaluation**

Bank of Fall River's (BoFR or the bank) Community Reinvestment Act (CRA) performance review was based on CRA activities conducted within its assessment area using the Small Institution Examination Procedures. These procedures evaluate the bank's efforts in meeting the credit needs of its assessment area under the following five-part criteria: loan-to deposit ratio, lending in the assessment area, lending to borrowers of different incomes, geographic distribution of loans, and record on taking action in response to consumer complaints. Analysis of the bank's lending performance focused on residential loans originated between January 1, 2004 and December 31, 2008. Market information for 2008 residential lending aggregate data was obtained from the Federal Reserve System's CHAT CRA/Home Mortgage Disclosure Act (HMDA) Data Analysis Tool and was the most recent data available as of the examination date.

Residential lending represents the most significant portion of the bank's lending at 51.8 percent dollar volume of the loan portfolio as of December 31, 2008, and it will be focus of the examination. Commercial real estate loans represent 30.7 percent of the portfolio; however, they were not considered in the CRA analysis because the bulk of loans within the portfolio were originated prior to the examination period. According to bank management, of the remaining loans a portion are the remnant of a business strategy no longer pursued by the bank, and the final portion of loans represent a nominal contribution to the bank's portfolio. Because consumer loans represent only 3.7 percent of the loan portfolio, they were not considered for the examination. Analysis of the bank's CRA efforts incorporated 20 quarters from March 31, 2004 through December 31, 2008, and represents the period since the prior examination.

**Performance Context**

**DESCRIPTION OF INSTITUTION**

Bank of Fall River is a mutually owned financial institution chartered in 1888 by the Commonwealth of Massachusetts. BoFR became a state member bank during May 2008. The main office is located at 30 Bedford Street, Fall River, Massachusetts. The bank operates three branch office locations: Dighton, Fairhaven and Fall River. These offices are located in the

Providence- New Bedford-Fall River and the RI-MA MSAs. The bank has not opened or closed any offices during the CRA evaluation period.

The bank provides reasonable access to its products and services through its branch network. Each Bank of Fall River branch has Saturday hours to help meet the banking needs of the community. All the banking offices, with the exception of the main office, are equipped with deposit taking automated teller machines (ATMs). In addition, the bank offers internet banking, telephone banking, and bank by mail, all available 24 hours seven days a week. Telephone banking allows customers to check account balances, transfer funds, make loan payments, and obtain deposit rate information. Internet banking lets customers check loan balances, make transfers between accounts, and pay bills. Bank of Fall River also serves business customers. Products and services include: Small Business Administration loans, business loans (Commercial Real Estate loans, lines of credit, and unsecured loans), business checking, payment processing and equipment leasing funding. The bank advertises its services through various means including: print and radio media (English, Spanish and Portuguese) and its internet website.

Since the previous Federal Deposit Insurance Corporation examination, in 2004, the bank's assets have decreased from a peak of \$150.6 Million in the fourth quarter of 2004. As of December 31, 2008, BoFR had assets of \$141.1 million, \$91.1 million<sup>1</sup> or 64.5 percent of which was comprised of loans. Between Q1 2004 and Q4 2008 net loans and leases decreased by 9.8 percent.

A detailed breakdown of Bank of Fall River's loan portfolio as of December 31, 2008 appears in the following table.

Type of Loans	\$(000)	% Total
Construction Loans		
1-4 Family Residential Construction	1,503	1.6
Other Construction Lns & Dev.	462	.04
1-4 Family		
a. First Mortgages	40,445	43.2
b. Home Equity Lines	4,347	4.6
c. Junior Liens (Second Mortgages)	3,772	4.0
Multifamily residential properties	6,041	6.4
Nonfarm non-residential properties	28,788	30.7
Commercial Loans		
a. Commercial & Industrial Loans	4,536	4.8
b. Agricultural	86	
Consumer Loans		
a. Other revolving credit plans	3,518	3.7
c. Other consumer Loans	0	
All Other loans	10	.01
<b>Gross Loans</b>	<b>93,508</b>	<b>100.0</b>

Source: December 31, 2008 FFIEC Report of Condition

<sup>1</sup> Net of Loan Loss Reserve and Unearned Income

Bank of Fall River retains most of its loans in portfolio. However, over the five year examination period, the bank originated 23 MassHousing loans, at \$4,041,390, which are subsequently sold servicing released.

According to the Federal Deposit Insurance Corporation's Summary of Deposits, BoFR had a market share of .34 percent as of June 30, 2008 ranking 20<sup>th</sup> in the assessment area. The bank's limited presence within the assessment area is attributable to a highly competitive market, with 15 banks operating 57 offices within its assessment area. The bank identifies its main competitors in Fall River as Citizens Union Savings Bank and Fall River Five Cent. In Taunton the competitors are St. Ann's Credit Union and Bristol County Savings Bank. In addition to the competitors noted by the bank, many of the institutions noted in the FDIC Summary of Deposits report are statewide or multi-regional including RSBC Citizens National Assn, Bank of America NA, Sovereign Bank. These banks have a strong presence in the bank's communities. In addition, numerous mortgage companies operated in the assessment area during the examination period.

There are no legal or financial impediments that would hinder BoFR's ability to meet the credit needs of its assessment area. Community Reinvestment Act (CRA) examinations were conducted by the Massachusetts Division of Banks (MDOB) on March 20, 2006 and the Federal Deposit Insurance Corporation (FDIC) on March 08, 2004. Both examinations resulted in an overall "Outstanding" rating.

## **DESCRIPTION OF INSTITUTION'S ASSESSMENT AREA**

The Community Reinvestment Act requires a financial institution to identify an assessment area (AA) where it focuses its lending efforts. BoFR has identified its assessment area to include the eleven towns of Fall River, Somerset, Swansea, Taunton, Dighton, Berkley, New Bedford, Westport, Dartmouth and Fairhaven, all in Bristol County; and Tiverton located in Newport County. The assessment area has not changed since the last examination.

### *Demographic Data by Census Tract*

According to 2000 Census Data, the assessment area consists of 84 census tracts. Of this total, 12 or 14.3 are in a low-income census tract; 32 or 38.1 percent are in a moderate-income census tract; 32 or 38.1 percent are middle-income census tract, and 8 or 9.5 are in upper-income census tracts.

See the following table regarding more demographic information within the bank's assessment area in 2008.

Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	12	14.3	6,985	7.8	2,156	30.9	24,188	27.0
Moderate-income	32	38.1	30,278	33.8	4,719	15.6	16,781	18.7
Middle-income	32	38.1	42,160	47.1	2,399	5.7	20,159	22.5
Upper-income	8	9.5	10,100	11.3	232	2.3	28,395	31.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>84</b>	<b>100.0</b>	<b>89,523</b>	<b>100.0</b>	<b>9,506</b>	<b>5.0</b>	<b>89,523</b>	<b>100.0</b>
	Housing Units by Tract	HOUSING TYPES BY TRACT						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	14,101	2,754	3.8	19.5	9,765	69.3	1,582	11.2
Moderate-income	53,825	16,844	23.0	31.2	32,842	61.0	4,139	7.7
Middle-income	62,850	42,557	58.1	67.7	17,391	27.7	2,902	4.6
Upper-income	14,625	11,053	15.1	75.6	2,209	15.1	1,363	9.3
Unknown-income	0	0	0.0	0.00	0	0.0	0	0.00
<b>Total Assessment Area</b>	<b>145,401</b>	<b>73,208</b>	<b>100.0</b>	<b>50.35</b>	<b>62,207</b>	<b>42.8</b>	<b>9,986</b>	<b>6.9</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	1,650	14.0	1,405	13.4	190	18.0	55	19.6
Moderate-income	3,543	30.0	3,150	30.1	315	29.9	78	27.8
Middle-income	5,255	44.5	4,692	44.8	445	42.2	118	42.0
Upper-income	1,369	11.6	1,235	11.8	104	9.9	30	10.7
Unknown-income	0	0.0	0	0.0	0.0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>11,817</b>	<b>100.0</b>	<b>10,482</b>	<b>100.0</b>	<b>1,054</b>	<b>100.0</b>	<b>281</b>	<b>100.0</b>
			<b>Percentage of Total Businesses:</b>	<b>88.7</b>		<b>8.9</b>		<b>2.4</b>

*Population/Income Characteristics*

Currently, 41.6 percent of families live in a low to moderate-income census tract. The income distribution within the assessment area creates both opportunities and challenges for banks. While a large LMI population creates great lending opportunities, job losses in the assessment area may leave some LMI borrowers ill prepared to take on debt. According to Census Data, the total population for the assessment area is 339,767 and is distributed as follows: 8.63 percent reside in low-income census tracts, 34.53 percent reside in moderate-income tracts, 45.58 percent in middle-income tracts and 11.27 percent in upper-income tracts. The 135,501

households in the assessment area are distributed among the census tracts as follows: 9.29 percent are low-income, 36.70 percent are moderate-income, 44.19 percent are middle-income, and 9.82 are upper-income. In addition, 14.58 percent of households live below the poverty level.

Of 145,401 housing units in the assessment area, 14,101 units are located in a low-income census tract; 69.3 percent of the housing in the low-income census tracts is rental housing. Of the 53,825 housing units in the moderate-income census tracts, 61 percent is rental housing. Thus, origination of home loans in LMI communities within the AA may prove challenging as most of the housing in the LMI census tracts is already designated as rental housing.

Fall River has one of the largest concentrations of Portuguese people in the country. Estimates state that between 43.9- 49.6 percent Fall River's population is of Portuguese descent. In terms of racial composition, the assessment area consists of 87.3 percent whites and 12.6 percent of minorities. According to 2000 Census data, the percentage of minorities in Fall River is increasing. Approximately 71.43 percent of minorities are from low- and moderate-income households.

Based on 2000 Census Data, there are 89,523 families in the assessment area. Of these, 7.80 percent are low-income, 33.8 percent are moderate-income, 47.1 percent are middle-income, 11.3 percent are upper-income, and 10.6 percent live below the poverty level. The Department of Housing and Urban Development's (HUD) estimated 2004, 2005, 2006, 2007 and 2008 median family income (MFI) for the bank's MSA in the AA is detailed in the table below.

Median Family Income (\$)		
	Massachusetts	Providence-New Bedford-Fall River MSA
2004	\$70,000	\$61,300
2005	\$70,450	\$64,750
2006	\$71,700	\$64,000
2007	\$71,700	\$68,300
2008	\$74,000	\$68,300

As evidenced in the table above, median income for the Providence-New Bedford-Fall River MSA is lower than the median income in Massachusetts. During the examination period, median income increased in the Providence-New Bedford- Fall River MSA, but it has stagnated since the economic downturn.

### *Housing Characteristics*

According to the 2000 Census Data, there are 145,401 housing units with a median age of 53 years. Of the total housing units, 50.35 percent are owner-occupied, 42.78 percent are renter-occupied, and 6.87 percent are vacant. Dwellings with 2 or greater units account for 53.43 percent of the housing units. The median housing value in the assessment area is \$136,467 which is lower than the state's median housing value of \$182,800, which might suggest home ownership opportunities for LMI borrowers. Yet, because most of the owner occupied housing is in middle and upper-income census tracts housing in the AA may be unaffordable for LMI borrowers.

### *Business Characteristics and Employment Statistics*

For the past decade the unemployment rate in Fall River has outstripped the Massachusetts unemployment rate by between 3 to 4 percentage points. In 2008 the unemployment rate in Fall River was 9.5 percent, while the unemployment rate in Massachusetts was 5.3 percent. Aside from the flight of manufacturing jobs, an underlying cause for the systemically high unemployment rate is low percentage of Fall River residents with a high school or college education. Because of low educational attainment, Fall River may have trouble attracting well paid high-skill jobs. According to 2000 Census data, 56.6 percent of students completed high school in comparison to 84.8 percent for the state of Massachusetts. Similarly, 10.7 percent of Fall River residents have completed a 4 year college degree versus 33.2 percent of Massachusetts residents.

While Fall River had a strong history in textile and other manufacturing, over the past ten years the city has lost between 13,000 to 14,000 manufacturing jobs as a result of outsourcing to the southern states and foreign countries where employment costs are lower. According to Fall River Office of Economic Development data, the three largest employers are now the government, school department and the healthcare sector; they contribute 6,407 jobs to the Fall River economy.

Small businesses now drive the Fall River economy; yet, their prevalence does not adequately compensate for past job losses. Based on 2008 Dun and Bradstreet data, there are 11,817 businesses that operate within the bank's assessment area. Of this number 88.7 percent are small businesses. Fourteen percent of businesses operate in the low-income census tract, 30 percent in the moderate-income census tracts, 44.5 percent in the middle-income census tracts and 11.6 percent in the upper-income tier.

### *Community Contact*

As part of this examination, an interview was conducted with a non-profit community development organization involved in creating and improving economic development for low- and moderate-income households within Fall River. This organization serves Fall River, the largest geography in the bank's assessment area. Its main priorities are developing affordable housing for low- and moderate-income individuals, creating jobs, and providing financial counseling and education, and offering education and financial business development and planning for small businesses.

According to the organization, lenders within the assessment area could assist small businesses by providing start-up capital. This role is especially important now that small businesses drive Fall River's economy. The contact stated that the types of small businesses are diverse. The contact also identified the need for affordable rental housing because rents increased during the housing boom.

The contact generally had positive comments regarding the degree of involvement of various financial institutions in the community.



## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The following details the bank's efforts with regard to the small bank performance criteria.

### Comparison of Credit Extended Inside and Outside of the Assessment Area

This performance criterion evaluates the concentration of HMDA-reportable loans originated by the bank within its designated assessment area.

Based on the level of performance, BoFR's lending within the assessment area meets the standard for satisfactory performance.

For loan activity reviewed, the following table displays the number and dollar volume of loans originated both inside and outside the bank's assessment area for 2004, 2005, 2006, 2007 and 2008.

<i>Lending Inside and Outside the Assessment Area</i>								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>Total Loans</b>	<b>401</b>	<b>78.2</b>	<b>\$58,916</b>	<b>76.6</b>	<b>112</b>	<b>21.8</b>	<b>\$18,036</b>	<b>23.4</b>

\* Source – HMDA-reportable loans 2004, 2005, 2006, 2007 and 2008.

As indicated above, the majority of loans reviewed were originated within the bank's assessment area. BoFR originated 401 residential loans totaling \$58,916 million within its assessment area during the period under review. By number and dollar amount, this represented 78.2 percent and 76.6 percent respectively. Between Q4 2004 and Q1 2007, loan activity decreased by 30.4 percentage points; however, the loan portfolio grew by 7.8 percentage points between Q4 2007 and Q4 2008. These decreases may be attributable to three factors: changes in the bank's business strategy, the current economic crisis, and the closing of two of Fall River's largest employers, Douro and Quaker Fabrics.

### Lending to Borrowers of Different Incomes

This performance criterion focuses on the bank's level of lending to borrowers with different incomes. As such, more emphasis is placed on this criterion. BoFR's distribution of residential lending within its assessment area to borrowers of different incomes is considered reasonable and meets the standard for satisfactory performance.

For an analysis of all residential loans to borrowers of various income levels, originations were categorized by the ratio of the applicant's reported incomes to the 2004 to 2008 estimated median family incomes as detailed in the description of the assessment area.

The table below provides residential loan distribution based on the borrower's income in comparison to the income distribution of households in the assessment area. During the examination period, the bank originated 26.7 percent of loans to LMI individuals. Over the same time period, the bank originated 27.2 percent of loans to middle-income borrowers and 33.7

percent to upper-income borrowers. The BoFR's overall lending in 2008 to low- and moderate-income borrowers (27.4 percent), was below the percentage of total households classified in those categories (45.99 percent). However, in 2008 the bank's lending to low-income borrowers exceeded the aggregate's lending by 3.9 percent; lending to moderate-income borrowers was a reasonable 17.6 percent compared to the aggregate's performance of 20.4 percent. While, the economic crisis has inevitably played some factor in all banks' lending to LMI borrowers, similarly situated institutions were able to demonstrate higher lending volume to LMI borrowers than Bank of Fall River during similar examination period.

Residential Loan Distribution by Borrower Income										
Year	Low		Moderate		Middle		Upper		NA	
% of Total Household	%		%		%		%		%	
	9.29		36.70		44.19		9.82		0.00	
<b>2008 Aggregate Data</b>	5.9		20.4		28.7		31.0		14.1	
	#	%	#	%	#	%	#	%	#	%
2004	18	11.4	21	13.3	42	26.6	49	31.0	28	17.7
2005	8	11.3	16	22.5	20	28.2	19	26.8	8	11.3
2006	2	3.4	11	19.0	14	24.1	25	43.1	6	10.3
2007	5	7.9	12	19.0	19	30.2	25	39.7	2	3.2
<b>2008</b>	<b>5</b>	<b>9.8</b>	<b>9</b>	<b>17.6</b>	<b>14</b>	<b>27.5</b>	<b>17</b>	<b>33.3</b>	<b>6</b>	<b>11.8</b>
<b>Total</b>	<b>38</b>	<b>9.5</b>	<b>69</b>	<b>17.2</b>	<b>109</b>	<b>27.2</b>	<b>135</b>	<b>33.7</b>	<b>50</b>	<b>12.5</b>

Source: 2004 – 2008 HMDA data

### Geographic Distribution of Loans

This performance criterion focuses on the bank's lending penetration in the assessment area among geographies of various income levels, with emphasis placed on the bank's performance in low- and moderate-income geographies. Like lending to borrowers of different incomes, this criterion is weighed heavily in determining a bank's CRA rating. Based on 2000 census data there are 84 census tracts in the assessment area. Of that number, there are twelve low-income census tracts, 32 moderate-income census tracts, 32 middle-income census tracts and eight upper-income tracts. LMI tracts account for 52.4 percent of census tracts in the bank's assessment area.

The table below details the number and percentage of HMDA-reportable loans extended in each income class of the geography in comparison to the percentage of owner-occupied housing units for 2008 within the geography. The table below also compares the bank's 2008 residential lending by census tract to the 2008 aggregate lending within the assessment area.

Residential Loan Distribution by Tract Income						
Year	Low		Moderate		Middle	Upper
	%		%		%	%

% of Owner-Occupied Housing Units	19.53		31.29		67.71		75.58	
	#	%	#	%	#	%	#	%
<b>2008 Aggregate Data</b>	<b>3.7</b>		<b>24.1</b>		<b>56.9</b>		<b>15.3</b>	
2004	6	3.8	58	36.7	56	35.4	38	24.1
2005	1	1.4	22	31.0	29	40.8	19	26.8
2006	2	3.4	13	22.4	22	37.9	21	36.2
2007	1	1.6	18	28.6	26	41.3	18	28.6
<b>2008</b>	<b>3</b>	<b>5.9</b>	<b>9</b>	<b>17.6</b>	<b>27</b>	<b>52.9</b>	<b>12</b>	<b>23.5</b>
<b>Total</b>	<b>13</b>	<b>3.2</b>	<b>120</b>	<b>29.9</b>	<b>160</b>	<b>39.9</b>	<b>108</b>	<b>26.9</b>

Source: 2004 – 2008 HMDA data

The bank's performance for this criterion has decreased since the last examination period. While the current economic upheaval undoubtedly played a role, a review of Public Evaluations from similarly situated institutions uncovered stronger performance during the same examination period. Originations to LMI borrowers during 2008 represent an upswing in a downward trend during the examination period. Of the 401 loans made within the assessment area during the examination period, 3.2 percent were in low-income tracts; 29.9 percent were in moderate-income tracts; 39.9 percent were in middle-income tracts; and 26.9 percent were in upper-income tracts. During 2008, the bank continued to originate the majority of its loans to middle-income borrowers, who represented 52.9 percent of the 51 loans originated in 2008. The bank originated 3 loans out of 51, or 5.9 percent of all 2008 loans to low-income tracts. By comparison, the aggregate lent 3.7 percent of loans to low-income tracts. The bank originated 9 loans out of 51 to moderate-income census tracts. This accounted for 17.6 percent of the bank's total lending during the assessment period. The aggregate's performance exceeded the bank's performance by 6.5 percent.

Thus, the bank's lending within the census tracts is adequate given the opportunities to lend in LMI tracts.

### Loan to Deposit Ratio

One measure of a bank's responsiveness to meeting credit needs is the loan to deposit ratio (LTD). This calculation indicates what percentage of a bank's deposits is converted into credit for the community. The bank's average net LTD of 77.3 percent meets the standards for satisfactory performance.

This conclusion is based on the bank's asset size, financial condition, and the credit needs of its assessment area. The ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses (ALLL) as a percentage of total deposits. The calculation incorporated twenty quarters (representing the period since the prior examination) of the bank's net loans to total deposit figures as reflected in the bank's quarterly Consolidated Reports of Condition and Income (Call Reports). The quarters reviewed included the periods from March 31, 2004 through December 31, 2008.

For comparison, the average net LTD ratios of local competitors were also analyzed over the same time period. The table below shows these results.

<b>Loan-to-Deposit Ratios</b>			
<b>Institution</b>	<b>Total Assets* (000s)</b>	<b>Average Loan-To-Deposit Ratio** (multiple quarters)</b>	<b>Net Loan-To-Deposit Ratio * (latest quarter)</b>
<b>Bank of Fall River</b>	<b>\$141</b>	<b>77.3%</b>	<b>78.2%</b>
Mayflower Co-operative Bank	\$242	66.6%	63.6%
Mechanics Co-operative Bank	\$312	77.2%	72.2%

\* As of 12/31/08

\*\* From 03/31/04 through 12/31/08

Analysis of the above figures indicates that the LTD ratios for BoFR are marginally higher than local competitors, although the bank does not borrow heavily from non-deposit funding sources. In addition, comparison institutions are larger in asset size.

The LTD has been trending downward for the last 20 quarters from a high of 89.1 percent in March 31, 2004 to a low of 78.2 percent in December 2008. While deposits have remained stable between 2004 and 2008, lending has declined. Possible causes include a change in the bank's business strategy, the economic slow-down and systemic job losses in Fall River.

### **Response to Complaints**

The bank has not received any complaints since the previous examination.

### **Compliance with Fair Lending Laws and Regulations**

No violations of the substantive provisions of the anti-discriminatory laws and regulations were identified during the examination.

## Appendix A

### GLOSSARY

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Block numbering area (“BNA”):** A statistical subdivision of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**Full review:** Performance under the lending, investment and service tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (“HMDA”):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include data such as race, gender and income of applications, amount of loan requested, and disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited review:** Performance under the lending, investment and service tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Metropolitan area (“MA”):** Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”) or consolidated metropolitan statistical area (“CMSA”) as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share or grant that has as its primary purpose community development.

**Rated area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small loan(s) to business(es):** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income ("Call Report") and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in "loans to small farms" as defined in the instructions for preparation of the Call Report. These loans have original amounts of \$500 thousand or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.